

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, January 28, 1943, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. Draper
Mr. Evans

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

The action stated with respect to each of the matters herein-after referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on January 27, 1943, were approved unanimously.

Memorandum dated January 23, 1943, from Mr. Paulger, Chief of the Division of Examinations, submitting the resignation of William H. Seeger, Jr., as an Assistant Federal Reserve Examiner, to become effective as of the close of business on January 23, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter prepared for the signature of Mr. Foulk, Fiscal Agent, to Mr. Fenner, Chief Examiner of the Federal Reserve Bank of Philadelphia, reading as follows:

"This refers to your letter of December 4, 1942, and subsequent correspondence, regarding the voucher submitted by you in the amount of \$195 for overtime compensation paid under the Fair Labor Standards Act of 1938 to certain employees of your bank who assisted in the examination of the Federal Reserve Bank of New York as of the close of business October 3, 1942.

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"This voucher has been approved for payment. However, in view of the questions raised as to the correct method of computing such compensation, the Board's Division of Examinations is giving further consideration to the whole matter for the purpose of determining whether the present arrangement for paying extra compensation in cases of this kind should be revised. We will, of course, advise you promptly if any action is taken in this connection."

Approved unanimously.

Letter to the Presidents of all the Federal Reserve Banks,
reading as follows:

"For your information there is enclosed copy of a memorandum from the War Department, dated January 22, 1943, signed by Lieutenant Colonel Paul Cleveland, which is in reply to an inquiry received from one of the Federal Reserve Banks as to whether or not tax notes can be used to meet renegotiation payments."

Approved unanimously.

Letter to the Presidents of all the Federal Reserve Banks,
reading as follows:

"You will find enclosed copy of a memorandum from the War Department, dated January 22, 1943, signed by Lieutenant Colonel Paul Cleveland, regarding amendments to guarantee agreements executed by Federal Reserve Banks pursuant to delegated authority.

"There is also enclosed copy of a letter from the United States Maritime Commission, dated January 26, 1943, signed by R. E. Anderson, Director of Finance, regarding the same subject."

Approved unanimously.

Memorandum dated January 22, 1943, from Mr. Szymczak, submitting a memorandum dated January 18 from Mr. Smead, Chief of the Division of Bank Operations, with respect to the expiration on June 30, 1943, of the provision in paragraph 2 of section 16 of the Federal Reserve Act

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authorizing the Federal Reserve Banks to pledge direct obligations of the United States with the Federal Reserve Agents as collateral security for Federal Reserve notes issued to the Federal Reserve Banks, and recommending that the Board request Congress (1) to extend until June 30, 1948, the period within which direct obligations of the United States may be pledged with the Federal Reserve Agent as collateral security for Federal Reserve notes and (2) to eliminate the following provision from paragraph 3 of section 16 of the Federal Reserve Act:

"Whenever Federal Reserve notes issued through one Federal Reserve Bank shall be received by another Federal Reserve Bank, they shall be promptly returned for credit or redemption to the Federal Reserve Bank through which they were originally issued or, upon direction of such Federal Reserve Bank, they shall be forwarded direct to the Treasurer of the United States to be retired. No Federal Reserve Bank shall pay out notes issued through another under penalty of a tax of 10 per centum upon the face value of notes so paid out."

Approved unanimously.

Memorandum dated December 30, 1942, from Mr. Carpenter, submitting for approval by the Board a draft of letter to the representative members of the Federal Open Market Committee with which it was proposed to enclose drafts of entries for the policy record covering actions taken by the Federal Open Market Committee during the year 1942. The memorandum stated that after any comments and suggestions of the representative members of the Committee had been received the entries would be placed in final form and submitted to the Board for approval.

The draft of letter was approved unanimously.

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Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. S. Cullen
Chairman.